

# LIQUOR CONTROL

**PROGRAM:**

Retail Operations

**PROGRAM ELEMENT:**
**PROGRAM MISSION:**

To provide efficient, customer-friendly retail stores that compete successfully with stores in surrounding jurisdictions both in price and selection; that comply with all laws; and that return a reasonable transfer to the General Fund

**COMMUNITY OUTCOMES SUPPORTED:**

- Provide high quality, high value service to customers
- Foster respect for all County, State, and Federal laws
- Provide a reasonable transfer to the General Fund to assist in supporting other County services

**PROGRAM MEASURES**

	FY01 ACTUAL	FY02 ACTUAL	FY03 ACTUAL	FY04 BUDGET	FY04 ACTUAL	FY05 APPROVED
<b>Outcomes/Results:</b>						
Gross profit (\$000)	17,845	19,359	20,960	21,671	22,671	22,989
Net income (\$000) <sup>a</sup>	6,236	7,326	7,801	6,854	8,519	6,115
General Fund transfer (\$000) <sup>b</sup>	5,004	7,609	6,963	6,984	6,984	6,984
<b>Service Quality:</b>						
Board of Liquor License Commissioners inspection violations	1	1	2	0	0	0
Montgomery County Police Department inspection violations	4	2	0	0	0	0
Percentage of customers satisfied with customer service offered	NA	96	96	100	96	100
Percentage of customers satisfied with facility and design	NA	93	94	100	94	100
Percentage of customers satisfied with product selection	NA	91	89	100	93	100
Percentage of customers satisfied with product pricing	NA	87	87	100	92	100
<b>Efficiency:</b>						
Ratio of gross profit to labor costs	3.3	3.2	3.4	2.7	2.9	2.7
Ratio of sales to gross profit	3.1	3.1	3.1	3.1	3.1	3.2
Ratio of sales to net income	8.9	8.2	8.4	9.7	8.3	12.0
Ratio of sales to operating expenses less depreciation	4.9	5.1	5.1	4.4	5.1	4.1
<b>Workload/Outputs:</b>						
Sales (\$000)	55,401	60,235	65,512	66,714	71,024	73,449
Cases transferred in (000)	645	686	734	750	772	795
<b>Inputs:</b>						
Operating expenses excluding depreciation (\$000)	11,403	11,848	12,962	15,270	13,990	17,980
Labor costs including salaries and benefits (\$000)	5,370	6,040	6,223	8,043	7,934	8,446
Workyears	130.0	117.0	120.0	125.1	125.1	125.1

**Notes:**

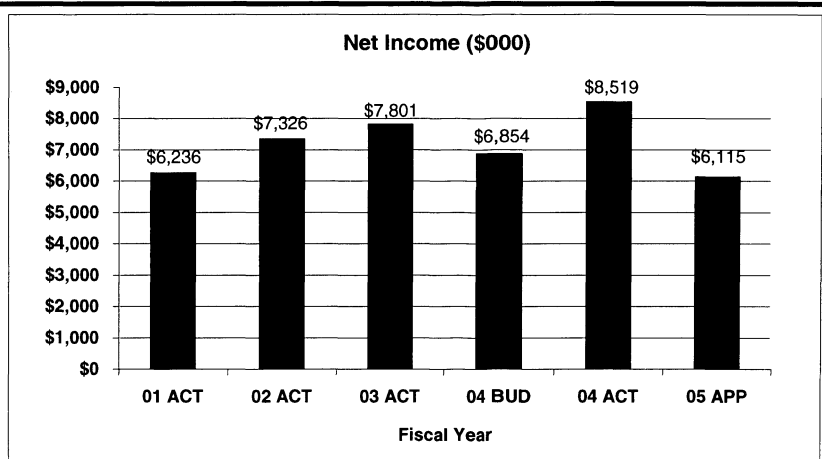
<sup>a</sup>Based on Generally Accepted Accounting Principles (GAAP): revenues are recorded when earned; expenses are recorded when liabilities are incurred; capital outlay is excluded; depreciation is included.

<sup>b</sup>Estimate of total transfer attributed to retail operations.

**EXPLANATION:**

Retail Operations consists of County-managed stores and contractor-managed stores, plus a pro-rata share of other Department of Liquor Control functions (Office of the Director, Finance, and IT). In March, 2004, the County added a new store, making the total 25. Under Article 2B of the Annotated Code of Maryland, the County may hire contractors to operate up to four County retail stores. Currently, three stores are contractor-managed. The County retains title to all stock in contract stores until it is sold.

While gross profit has been increasing steadily, net income is projected to decline in FY05 when the Department of Liquor Control undertakes new investments in computer upgrades.



**PROGRAM PARTNERS IN SUPPORT OF OUTCOMES:** Finance Department.

**MAJOR RELATED PLANS AND GUIDELINES:** Federal, State, and County laws; Generally Accepted Accounting Principles.

# LIQUOR CONTROL

**PROGRAM:**

Wholesale Operations

**PROGRAM ELEMENT:**
**PROGRAM MISSION:**

To ensure the availability and delivery of beer, wine, and other beverage alcohol to wholesale licensees and retail stores at reasonable prices, in good condition, and in a manner that complies with all laws and returns a reasonable transfer to the General Fund

**COMMUNITY OUTCOMES SUPPORTED:**

- Provide high quality, high value service to customers
- Foster respect for all County, State, and Federal laws
- Provide a reasonable transfer to the General Fund to assist in supporting other County services

**PROGRAM MEASURES**

	FY01 ACTUAL	FY02 ACTUAL	FY03 ACTUAL	FY04 BUDGET	FY04 ACTUAL	FY05 APPROVED
<b>Outcomes/Results:</b>						
Gross profit (\$000)	21,297	23,074	23,987	24,834	25,694	26,309
Net income (\$000) <sup>a</sup>	12,994	14,179	13,535	11,925	14,909	10,873
General Fund transfer (\$000) <sup>b</sup>	10,427	14,726	12,115	13,517	13,517	13,517
<b>Service Quality:</b>						
Percentage of customers satisfied with employees' friendliness and professionalism	86	88	84	100	93	100
Percentage of customers satisfied with level of customer service provided	64	65	79	100	74	100
Percentage of customers satisfied with product integrity	87	87	86	100	84	100
Percentage of customers satisfied with product selection	82	85	80	100	80	100
<b>Efficiency:</b>						
Ratio of gross profit to labor costs	2.9	2.8	2.7	2.9	3.1	3.0
Ratio of sales to gross profit	4.0	3.9	3.8	4.0	3.8	3.9
Ratio of sales to net income	6.6	6.3	6.8	8.4	6.5	9.4
Ratio of sales to operating expense less depreciation	10.8	10.5	9.2	8.5	9.4	7.4
<b>Workload/Outputs:</b>						
Sales (\$000) <sup>d</sup>	85,275	89,817	91,527	99,655	97,148	102,617
Cases sold (000)	3,845	3,945	3,891	4,380	4,026	4,642
<b>Inputs:</b>						
Operating expenses excluding depreciation (\$000) <sup>c</sup>	7,863	8,536	9,950	11,756	10,368	13,787
Labor costs including salary and benefits (\$000)	7,223	8,123	8,976	8,541	8,191	8,721
Workyears	152.0	157.0	166.0	167.1	167.1	168.1

**Notes:**

<sup>a</sup>Based on Generally Accepted Accounting Principles (GAAP): revenues are recorded when earned; expenses are recorded when liabilities are incurred; capital outlay is excluded; depreciation is included.

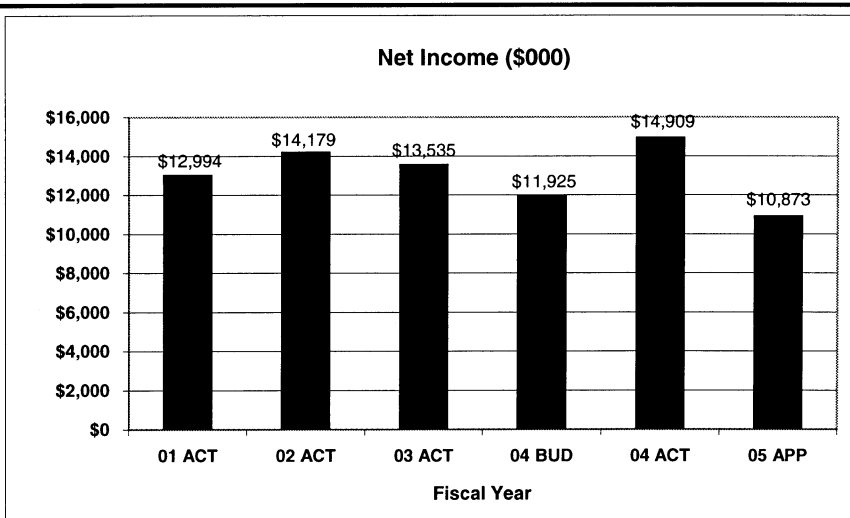
<sup>b</sup>Estimate of earnings transfer attributed to wholesale operations.

<sup>c</sup>Operating expenses include the night loading contract.

**EXPLANATION:**

Wholesale Operations consists of Warehouse Operations and Delivery Operations, plus a pro-rata share of other Department of Liquor Control functions (Office of the Director, Finance, and IT). The Warehouse Operations portion involves management of the warehouse facility and includes receipt, storage, and loading of distilled spirits, wine, and beer. Delivery Operations includes the distribution of distilled spirits, wine, and beer to approximately 870 private retailers and 25 County stores. (The 25th store was opened in March, 2004.)

While gross profit has been increasing steadily, net income is projected to decline in FY05 when the Department of Liquor Control undertakes new investments in computer upgrades and physical improvements in the warehouse.



**PROGRAM PARTNERS IN SUPPORT OF OUTCOMES:** Finance Department.

**MAJOR RELATED PLANS AND GUIDELINES:** Federal, State, and County laws; Generally Accepted Accounting Principles.